

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

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RONALD WESTON, SR., CLERK
U.S. DISTRICT COURT
WESTERN DISTRICT MICH.

MICHAEL J. QUILLING, Receiver
for Advanced Financial Services, Inc.,

Plaintiff,

vs.

TRADE PARTNERS, INC., MACATAWA
BANK CORPORATION, successor by
merger to GRAND BANK, THOMAS J.
SMITH and CHRISTINE M. ZMUDKA,

Defendants.

Civil Action No. 1:03 CV 0236

Richard Alan Enslen

U.S. District Judge

JURY DEMANDED

**COMPLAINT AND REQUEST FOR APPOINTMENT
OF A RECEIVER COMBINED WITH BRIEF IN SUPPORT**

TO THE HONORABLE COURT:

COMES NOW, Michael J. Quilling, solely in his capacity as Receiver for Advanced Financial Services, Inc. and files this his Complaint and Request for Appointment of a Receiver Combined with Brief in Support ("Complaint") against Trade Partners, Inc., Macatawa Bank Corporation, successor by merger to Grand Bank, Thomas J. Smith and Christine M. Zmudka, and in support of such would show the Court as follows:

PARTIES

1. Michael J. Quilling, solely in his capacity as Receiver for Advanced Financial Services, Inc. ("Receiver") is the Plaintiff in this cause. The Receiver was appointed as receiver for Advanced Financial Services, Inc. by the United States District Court for the Northern District of Texas, Dallas, Division, in Civil Action No. 3-02CV-0282-P, styled *SEC v. Larry W. Tyler and*

Advanced Financial Services, Inc., et al., the Honorable Jorge Solis presiding, by virtue of an order dated February 21, 2002 ("Order Appointing Receiver").

2. Trade Partners, Inc. is a corporation organized and existing under the laws of the State of Michigan and may be served with process through its registered agent, Christine M. Zmudka, at 220 Lyon Street NW, Suite 570, Grand Rapids, Michigan 49503.

3. Macatawa Bank Corporation, successor by merger to Grand Bank, is a banking organization existing pursuant to the laws of the State of Michigan and can be served with process through its registered agent, Benjamin A. Smith, III, at 106 East 8th Street, Holland, Michigan 49423.

4. Thomas J. Smith is an individual resident and citizen of the State of Michigan and may be served with process at Trade Partners, Inc., 220 Lyon Street NW, Suite 570, Grand Rapids, Michigan 49503.

5. Christine M. Zmudka is an individual resident and citizen of the State of Michigan and may be served with process at Trade Partners, Inc., 220 Lyon Street NW, Suite 570, Grand Rapids, Michigan 49503.

JURISDICTION AND VENUE

6. This Court has diversity jurisdiction pursuant to 28 U.S.C. § 1332 because the Plaintiff and all Defendants are residents of different states and the amount in controversy exceeds \$75,000.00.

7. Venue for this action is proper in the Western District of Michigan because all or a part of the causes of action stated herein arose or occurred in the Western District of Michigan.

BACKGROUND FACTS

8. On February 11, 2002, the United States Securities and Exchange Commission ("SEC") initiated Case No. 3-02CV-0282-P in the United States District Court for the Northern

District of Texas, Dallas Division, styled *SEC v. Larry W. Tyler and Advanced Financial Services, Inc., et al.*, and in connection therewith sought the appointment of a receiver ("SEC Proceedings"). On February 21, 2002, the Court issued its Order Appointing Receiver pursuant to which Michael J. Quilling was appointed receiver and he has continued to function in that capacity since that time. A true and correct copy of the Order Appointing Receiver is attached hereto as Exhibit "A" and is incorporated herein by reference for all purposes (also Quilling Affidavit, Exhibit1).

9. The Order Appointing Receiver provides in pertinent part:

11. The Receiver is hereby authorized to institute, defend, compromise or adjust such actions or proceedings in state or federal courts now pending and hereafter instituted, as may in his discretion be advisable or proper for the protection of the Receivership Assets or proceeds therefrom, and to institute, prosecute, compromise or adjust such actions or proceedings in state or federal court as may in his judgment be necessary or proper for the collection, preservation and maintenance of the Receivership Assets.

10. There exists in the United States an industry which buys the death benefit rights of an insured under an insurance policy at a discount. The industry arose and blossomed when the AIDS epidemic began. The purchaser of the policy convinces the insured (usually having a very short life expectancy because of serious illness) to sell the insured's rights under the insurance policy at a discount - say \$500,000 cash for the right to receive \$1 million upon death. The insured gets cash to use before the insured dies and the purchaser gets a substantial return on investment if the insured dies quickly.

11. One of the entities engaged in this industry is Kelco, Inc., which operates out of Lexington, Kentucky. Sometimes it purchases policies in its own name and sometimes it purchases them in the name of other entities it owns and/or controls.

12. The transaction reflecting the sale and purchase of the rights under an insurance policy is commonly referred to as a Viatical Settlement Contract or Life Settlement Contract¹ ("Life Settlement Contract"). After the purchase is completed, in theory the insurance company is supposed to change its records to reflect the new owner/beneficiary of the policy and the new owner is responsible for paying the premiums on the policy until the insured dies. Responsible purchasers of Life Settlement Contracts establish and fund an insurance premium escrow from which the premiums on the purchased policy are paid until the death of the insured.

13. After the Life Settlement Contract is completed between the insured and the purchaser, the purchaser will then market on its own or through brokers acting on its behalf all or a portion of the policy for sale to third parties with the expectation that the third parties will pay more for the fractionalized interests than the purchaser paid for the policy from the insured - say an aggregate of \$700,000. In theory, the third parties own an interest in the policy, but the ownership is not reflected on the internal records of the insurance company. Instead it is reflected on the records of the initial purchaser who continues to be responsible for the timely payment of premiums.

14. Prior to the appointment of the Receiver, Advanced Financial Services, Inc. ("AFS") and Larry Tyler ("Tyler") had been engaged, as brokers (called associates) on behalf of Defendant Trade Partners, Inc. ("Trade Partners") in the sale of fractionalized interests in Life Settlement Contracts. Trade Partners purchased most if not all of its inventory of Life Settlement Contracts from Kelco, Inc., and entities it owned and controlled. The sale of the interests in the Life Settlement Contract was structured such that the buyer/investor would pay a certain purchase price for the right

¹ Viatical Settlement Contracts are transactions in which the insured selling the policy has been diagnosed with a terminal illness and usually has a short life expectancy. Life Settlement Contracts are transactions in which the insured selling the policy is elderly, however, they have not been diagnosed with a serious or life-threatening illness. Hereafter, the transactions will be referred to as Life Settlement Contracts.

to receive a greater amount upon the death of the insured (viator). The difference between the purchase price and the amount received at the time of death (death benefit) is the return realized by the buyer/investor. From mid-1998 through late 2001, AFS sold approximately \$47 million of death benefits under Life Settlement Contracts to approximately 500 elderly investors ("AFS Investors") ("AFS Investor Life Settlement Contract Interests). The total purchase price (investment) paid over time to purchase the various Life Settlement Contract Interests was approximately \$29 million and a substantial portion of the funds invested represent the life savings of the investors who are, for the most part, elderly. As a result of maturities of some of the policies (deaths) the amount of total AFS Investor funds still at risk is at least \$25,056,588.56 and the amount of death benefits is approximately \$38,453,312.93. As more particularly set forth in the Complaint and supporting materials filed in the SEC Proceedings, many of the investors felt they were misled in their purchase of the Life Settlement Contract Interests. Each of the AFS Investors are, therefore, either creditors of the receivership estate or potentially creditors of the receivership estate.

15. Each of the Life Settlement Contract Interests sold by AFS to AFS Investors were purchased from Trade Partners, a company operating in Grand Rapids, Michigan. Trade Partners is owned and controlled by Thomas J. Smith ("Smith") and Christine M. Zmudka ("Zmudka"). As interests were sold to AFS Investors, Trade Partners would issue a package of materials to the investor which contained many of the contractual agreements and detailed information regarding the interest purchased. This package of materials was commonly referred to as the "Life Settlement Purchase Summary" (Quilling Affidavit, Exhibit 2). At all times pertinent to the sale of Life Settlement Contracts, Trade Partners represented in writing to AFS and Tyler that Trade Partners and/or trusts, which they established and controlled were the owners of the policies. Among those trusts were, or now are, Strategic Asset Management, Inc., TPI Grand Trust, Slotnik II Irrevocable

Trust, TPK Financial Trust, Sobie Irrevocable Trust, Lundgren Trust and PC Trust (the "Trusts"). Trade Partners also represented in writing that the premiums to keep the Life Settlement Contracts in force would be timely paid by Trade Partners and/or the Trusts out of premium escrow accounts established as to each policy.

16. For instance, one of the documents contained in the Life Settlement Purchase Summary (Quilling Affidavit, Exhibit 2) is an Agency/Policy Funding Agreement. It provides in pertinent part:

4. Owner of Record/Correspondence: The administrative ownership of the Designated Policies shall be recorded in the name of Trade Partners or its designated life settlement provider.

6. Duties of Trade Partners and Its Affiliates: Trade Partners accepts responsibility for performance of the duties listed below on behalf of Purchaser, as its agent:

- g. Payment of Policy Premiums: Deposit funds sufficient to pay one hundred percent (100%) of premiums that may become due during the life expectancy of the insured, as estimated in the third-party medical review, into the Premium Escrow Account previously established at Grand Bank. Subsequently, provide instructions to the Trust Department of Grand Bank to remit payment of premiums that may become due and payable on a timely basis.

17. Similarly, the materials provided to Tyler by Trade Partners (Tyler Affidavit, Exhibit 1, page 1) states as follows:

Premium Reserve

Trade Partners will escrow 100% of the policy premiums that may become due during the viator's life expectancy, as estimated by the third party medical review. Our contractual obligation to pay premiums which become due prior to maturity of

the policy, even after the premium reserve for that particular policy is exhausted, remains in force.

18. In connection with supposedly ensuring that insurance premium escrow accounts were properly established and funded, Trade Partners entered into a contractual arrangement with Grand Bank to act as Escrow Agent. Grand Bank has offices in Grand Rapids and by virtue of a merger is now known as Macatawa Bank Corporation ("Grand Bank"). As part of each purchase of an interest in a Life Settlement Contract, the investor was required to sign a written Escrow Agreement with Trade Partners and Grand Bank, a copy of which was included in the Life Settlement Purchase Summary package (Tyler Affidavit, Exhibit 1). The Escrow Agreement provides in pertinent part:

3. Restricted Account: The Escrow Account is an existing, restricted-access account. It is hereby expressly stated that Trade Partners shall not have access to Escrow Funds for any reason until Escrow Agent receives the specified documents and authorizes release of Escrow Funds to Trade Partners Operating Account, the TPI Premium Escrow Account established by the Premium Escrow Agreement executed by Trade Partners and Escrow Agent on October 12, 1998 ("Premium Escrow Account") and/or the Depository Account established for Purchaser's benefit under the provisions of the Accelerated Return Option Agreement.

5. Release of Funds: Escrow Agent shall not authorize the release of Escrow Funds to Trade Partners, the insured, or any other third party until presented with (a) copies of the "Absolute Assignment," or "Change of Beneficiary," executed by a designated representative of the insurers listed in Addendum A indicating that such documents are an integral part of the viated insurance policy, thereby certifying that the Trust, or its assigns, is the recorded beneficiary of all or part of the death benefits upon the insured's demise, and (b) the duly executed Recording of Beneficial Interest in the Trust evidencing Purchaser's beneficial interest in the proceeds of each Designated Policy. Upon receipt and review of the documents listed above, Escrow Agent shall permit the removal of the restrictions on Escrow Funds and shall release

Escrow Funds to the following account in the amount specified for each Designated Policy in Schedule A.

- a. An amount equal to one hundred percent (100%) of the premiums that would become due and payable for the Purchaser's portion of each respective Designated Policy if the insured lived for the full period of his or her life expectancy shall be deposited in the Premium Escrow Account.

19. As Life Settlement Contract Interests were sold to investors, AFS or Trade Partners decided which interest in which policy would be sold and, indeed, reserved the right to switch investors in and out of policies under certain circumstances. In some instances, the entire or majority interest in a particular policy would be sold to AFS Investors and in other instances only a small percentage of the policy would be sold to AFS Investors. In those instances where the entire policy was not sold to AFS Investors, there are numerous other investors holding interests in each policy, the identity of whom are not currently known to the Receiver. In many instances, Trade Partners retained a small residual interest in the policy ("Trade Partners Residual Interests").

20. In some instances, AFS would receive or purchase an interest in a Life Settlement Contract. As of this date, AFS owns at least the following interests in the following Life Settlement Contracts ("AFS Life Settlement Contract Interests"):

| Owner | Policy | Policy ID | Purchase Price | Death Benefit | Date Recorded | Life Expectancy (mos) |
|-------|----------|-----------|----------------|---------------|---------------|-----------------------|
| AFS | ECO-C | 22465 | 182,642.46 | 336,104.16 | 1/5/01 | 72 |
| AFS | BUS-M | 27335 | 98,676.00 | 187,315.36 | 9/18/01 | 84 |
| AFS | ASH-C(2) | 19625 | 14,693.03 | 27,891.52 | 9/18/01 | 69 |
| AFS | ROB-JE | 27135 | 15,225.66 | 28,902.59 | 9/18/01 | 76 |
| AFS | HAL-D | 277725 | 3,430.05 | 6,511.31 | 7/25/01 | 77 |
| AFS | KEN-G | 29405 | 48,204.99 | 75,522.76 | 6/29/01 | 46 |
| AFS | MEC-P(2) | 25105 | 17,688.00 | 24,586.32 | 8/15/01 | 36 |

| Owner | Policy | Policy ID | Purchase Price | Death Benefit | Date Recorded | Life Expectancy (mos) |
|--------------------------|------------|-----------|-------------------|---------------------|---------------|-----------------------|
| AFS | LES-L&J(1) | 29365 | 4,000.00 | 5,920.00 | 10/25/01 | 48 |
| AFS | MEU-R | 32123 | 18,543.00 | 24,476.76 | 11/21/01 | 48 |
| AFS | STA-P(1) | 27495 | 7,896.00 | 10,264.80 | 11/26/01 | 36 |
| AFS | FAI-H(1) | 30025 | 17,000.00 | 22,100.00 | 11/19/01 | 36 |
| Adv Fin LLC ² | BUS-M | 27335 | 269,905.83 | 454,332.48 | 12/31/98 | 82 |
| | | | 697,905.02 | 1,203,928.06 | | |

The AFS Life Settlement Contract Interests constitute Receivership Assets as defined in the Order Appointing Receiver.

21. Accordingly, as of this date, the death benefit associated with the AFS Life Settlement Contract Interests total at least \$1,203,928.06 and the AFS Investor Life Settlement Contract Interests total at least \$38,453,312.93. The values of these interests are totally dependent upon Trade Partners timely paying the premiums on each policy, so that the policy does not lapse due to non-payment of premiums. Neither AFS nor the AFS Investors have any role in or control over the premium payment process.

22. Since his appointment, the Receiver has had numerous telephone conferences, emails and meetings with Trade Partners to reconcile the records of AFS versus the records of Trade Partners as to the Life Settlement Contract Interests owned by AFS and AFS Investors. For the most part, those efforts have been concluded. The Receiver has also had similar discussions with Trade Partners regarding premiums due for each policy and how those premiums are being paid. As a result of those discussions, the Receiver has learned several very disturbing and potentially devastating facts. First, out of the 137 active policies (those which have not yet matured as the result

² Advanced Financial, LLC is an entity owned and controlled by Tyler and, as such, is subject to the Order Appointing Receiver.

of death) in which AFS and/or AFS Investors own an interest, at least 102 are not owned by Trade Partners or a Trade Partners controlled Trust. Instead, in some instances they are simply designated as the beneficiary. Second, out of the 137 policies, only 5 are believed to have funds in an insurance premium escrow account and those are substantially, if not completely, depleted. Third, many of the policies are being "paid" by Trade Partners by using the cash surrender value of the policy to pay the premiums. The usage of cash surrender value in many instances reduces dollar for dollar the amount of death benefits paid upon death and thereby impairs the value of the investment. Fourth, in many instances, the cash surrender value has been fully depleted and Trade Partners is now attempting to pay the premiums out of its cash flow, which as discussed below, it does not have. In short, all of the Life Settlement Contract Interests held by AFS and/or AFS Investors are in immediate danger of becoming worthless as a result of the failure of Trade Partners to timely pay premiums.

23. Upon information and belief, Trade Partners is suffering extreme financial problems. It is being sued by numerous investors who feel they have been defrauded. Trade Partners is not defending the actions and is, instead, allowing default judgments to be taken. Trade Partners has eliminated and is eliminating most of its work force. It is dissipating assets by allowing cash surrender values on policies to be used to pay premiums. It is bouncing checks written to pay premiums, thereby causing policies to lapse or potentially lapse. Trade Partners and its owners, Smith and Zmudka, are under investigation by several state and federal agencies. In short, Trade Partners is a house of cards waiting to collapse.

24. The Receiver has also learned that Trade Partners is now attempting to liquidate the cash surrender values of the policies (instead of allowing them to be used to pay premiums) in an effort to raise cash. If allowed to happen, the death benefits of many of the policies will be adversely

impacted and another source of premium payment, although wrongful, will be lost as to those policies.

25. Kelco, Inc. and its related entities also have their problems. They were indicted and on March 14, 2003, they were convicted of conspiracy, mail fraud, wire fraud, conspiracy to commit money laundering, and money laundering in connection with their buying and selling of Life Settlement and Viatical Settlement Contracts. One of the subjects of the criminal trial was the practice by Kelco, Inc. of "clean-sheeting," a fraudulent practice that involves obtaining life insurance by submitting an application for insurance that hides the fact that the applicant has a terminal or life-threatening illness. The Receiver has learned that at least two of the policies which Trade Partners purchased from Kelco, Inc. were clean-sheeted, subsequently contested by the insurance company, and are now "lost" or rescinded. The interests of the AFS Investors in those policies are now worthless.

CAUSES OF ACTION

COUNT ONE

Breach of Contract (as to Defendant Trade Partners, Inc. and Grand Bank)

26. The Receiver hereby incorporates paragraphs 1 through 25 set forth above as if set forth verbatim hereat.

27. The failure of Trade Partners to timely pay insurance premiums for the policies in which AFS and AFS Investors have an interest constitutes a breach of contract. The fact that Trade Partners does not own the majority of the contracts in which interests were sold to AFS and AFS Investors constitutes a breach of contract. The use of cash surrender values to pay insurance premiums constitutes a breach of contract. The failure to maintain and fund insurance premium escrow accounts constitutes a breach of contract. Other breaches are believed to exist as well.

28. As set forth in the Escrow Agreement, Grand Bank was required, for each interest purchased, to deposit into the premium escrow account an amount equal to 100% of premiums due during the life expectancy of the insured. Grand Bank systematically ignored or did not fulfill this contractual requirement. Such a failure constitutes a breach of contract. Other breaches are believed to exist as well.

29. As a result of the breaches of contract by Trade Partners and Grand Bank, AFS and the AFS Investors have been damaged in an amount which is not yet certain but which will continue to grow as policies continue to lapse and cash surrender values are used to pay premiums.

30. All conditions precedent to the Receiver's right to recover for breach of contract have been performed or have occurred.

31. As a result of Trade Partners' and Grand Bank's acts and omissions it has become necessary for the Receiver to file this action. Pursuant to applicable law, the Receiver is entitled to recover his reasonable and necessary attorneys fees, expenses and costs of court.

COUNT TWO

Fraud (as to Defendants Trade Partners, Inc., Thomas J. Smith and Christine M. Zmudka)

32. The Receiver hereby incorporates paragraphs 1 through 31 set forth above as if set forth verbatim hereat.

33. The acts and omissions of Trade Partners, and those of its principals, Smith and Zmudka, constitute fraud.

34. As a result of the fraud by Trade Partners, Smith and Zmudka, AFS and the AFS Investors have been damaged in an amount, which is not yet certain, but which will continue to grow as policies continue to lapse and cash surrender values are used to pay premiums.

COUNT THREE

Gross Negligence (as to Defendant Grand Bank)

35. The Receiver hereby incorporates paragraphs 1 through 34 set forth above as if set forth verbatim hereat.

36. The failure of Grand Bank to properly perform its duties under the terms of the Escrow Agreement constitute gross negligence.

37. As a result of the gross negligence of Grand Bank, AFS and the AFS Investors have been damaged in an amount, which is not yet certain, but which will continue to grow as policies lapse and cash surrender values are used to pay premiums.

COUNT FOUR

Breach of Fiduciary Duty

(as to Defendants Trade Partners, Inc., Thomas J. Smith and Christine M. Zmudka)

38. The Receiver hereby incorporates paragraphs 1 through 37 set forth above as if set forth verbatim hereat.

39. Trade Partners, Smith and Zmudka each owe fiduciary duties to AFS and the AFS Investors to, *inter alia*, insure that the policies they sold were properly owned and recorded and that premiums are timely and properly paid and the value of the investment is not depleted.

40. The acts and omissions of Trade Partners, and those of its principals, Smith and Zmudka, constitute a breach of fiduciary duty.

41. As a result of the breaches of fiduciary duty by Trade Partners, Smith and Zmudka, AFS and the AFS Investors have been damaged in an amount which is not yet certain, but which will continue to grow as policies continue to lapse and cash surrender values are used to pay premiums.

COUNT FIVE

Accounting (as to Defendant Grand Bank)

42. The Receiver hereby incorporates paragraphs 1 through 41 set forth above as if set forth verbatim hereat.

43. The Receiver requests that Grand Bank be ordered to provide a complete accounting of all funds which it handled as Escrow Agent with respect to AFS Life Settlement Contract Interests and AFS Investor Life Settlement Contract Interests and the policies to which those interests relate.

COUNT SIX

Request for Appointment of Receiver (as to Trade Partners, Inc.)

44. The Receiver hereby incorporates paragraphs 1 through 43 set forth above as if set forth verbatim hereat.

45. Based upon the foregoing acts and omissions of Trade Partners, the Receiver requests that a receiver be appointed for Trade Partners.

46. The foregoing acts and omissions of Trade Partners clearly establishes that AFS and the AFS Investors have an interest in the Life Settlement Contracts which need to be conserved by an officer of the Court. The need is real and immediate. If a receiver is not appointed, there is a high probability that the fraudulent conduct will continue; that the AFS Life Settlement Contract Interests and the AFS Investor Life Settlement Contracts will be frustrated or lost entirely; that a less drastic remedy is not available on an emergency basis; and that the likelihood of appointing a receiver will do more good than harm.

47. The Receiver requests that Grand Rapids attorney, Phillip S. Stenger, be appointed as receiver for Trade Partners for the purpose of conserving the AFS Life Settlement Contract Interests and the AFS Investor Life Settlement Contracts as well as the interests of any other non-

AFS Investors and to manage the affairs of Trade Partners to ensure that those interests and those of all other investors who purchased Life Settlement Contracts are conserved and not lost.

48. The Receiver is advised by counsel for Trade Partners that Trade Partners **consents** to the appointment of Phillip S. Stenger as its receiver.

ARGUMENTS AND AUTHORITIES

I. Appointment of a Receiver

49. It is well established that a District Court has the power to appoint a receiver to take possession of and conserve property. *Tennessee Pub. Co. V. Carpenter*, 100 F.2d 728, 732 (6th Cir. 1938); *Santibanez v. Weir McMahon & Co.*, 105 F.3d 234, 241 (5th Cir. 1997). The threshold inquiry is whether the party seeking the appointment has an interest in the property or a sufficient relationship with the party in control of the property to justify conservation. *Santibanez* at 241. The Receiver, acting to protect the interests of AFS and the AFS Investors in the Life Settlement Contracts undeniably meets the test. The “form and quantum of evidence” necessary to justify the appointment of a receiver is left to the sound discretion of the court. *Id.* Here, as reflected in the affidavits submitted in support of the request for the appointment of a receiver, the evidence is admissible, compelling and uncontrovertable. Although there is no definitive list of factors which the Court must consider, the Sixth Circuit in *Tennessee Pub. Co.* identified several factors which can be considered, each of which is applicable here and which justify this Court appointing a receiver for Trade Partners.

Factors typically influencing the district court’s exercise of discretion include the existence of a valid claim by the moving party; the probability that fraudulent conduct has occurred or will occur to frustrate the claim; imminent danger that property will be lost, concealed, or diminished in value; inadequacy of legal remedies; lack of a less drastic equitable remedy; and the likelihood that appointment of a receiver will do more harm than good.” (Citation omitted.)

Id. at 432.

II. Affidavits in Support

50. This request for the appointment of a receiver is supported by the Affidavits of Michael J. Quilling, Larry W. Tyler, and Stephen Tomasky, filed contemporaneously with this Complaint.

III. JURY DEMAND

51. The Receiver hereby requests a trial of this action by jury.

WHEREFORE, PREMISES CONSIDERED, the Receiver prays that each Defendant be served with process and required to answer, that the Court appoint a receiver over Trade Partners, Inc., and that upon final trial hereof the Receiver recover judgment against the defendants consistent with the foregoing, that the Receiver recover his attorneys' fees and expenses, and costs of court, and for such other and further relief, general or special, at law or in equity, to which the Receiver may be justly entitled.

Respectfully submitted,

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ATTORNEYS FOR RECEIVER FOR ADVANCED FINANCIAL
SERVICES, INC.